

HOWARD DOWNING
ATTORNEY AT LAW
109 South First Street
Nicholasville, Kentucky 40356
(859)885-4619 fax (859)885-1127

May 7, 2008

RECEIVED

MAY 07 2008

PUBLIC SERVICE
HAND DELIVERED COMMISSION

Ms Stephanie L. Stumbo
Executive Director
Public Service Commission
Post Office Box 615
211 Sower Boulevard
Frankfort, KY 40602

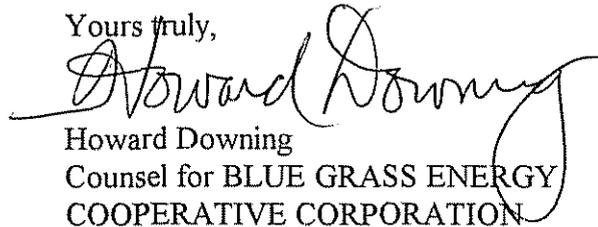
Re: Qualified Cogeneration and Small Power
Production Facilities Purchase Tariff of Blue
Grass Energy Cooperative Corporation

Dear Ms. Stumbo:

Please find enclosed for filing with Public Service Commission an original and ten copies of the updated Qualified Cogeneration and Small Power Production Facilities Purchase Tariff of Blue Grass Energy Cooperative Corporation. This updated retail tariff incorporates the proposed updates to the wholesale Qualified Cogeneration and Small Power Production Facilities Purchase Tariff of East Kentucky Power Cooperative, Inc., in PSC Case No. 2008-00128. Blue Grass Energy Cooperative Corporation hereby provides twenty (20) days notice to the Commission, pursuant to 807 KAR 5.011 Section 6 (3)(b), that it proposes to make this revised tariff effective on June 1, 2008.

Blue Grass Energy Cooperative Corporation hereby request a deviation, pursuant to 807 KAR 5.011 Section 14, from the notice requirements of 807 KAR 5.011 Section 8, on the grounds that Blue Grass Energy Cooperative Corporation has no customers currently utilizing the tariff which is the subject of this filing, and that any publication of notice would involve considerable expense, and could require a delay of this filing.

Yours truly,



Howard Downing
Counsel for BLUE GRASS ENERGY
COOPERATIVE CORPORATION

Enclosures:
HD/pb

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

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PUBLIC SERVICE
COMMISSION

IN THE MATTER :

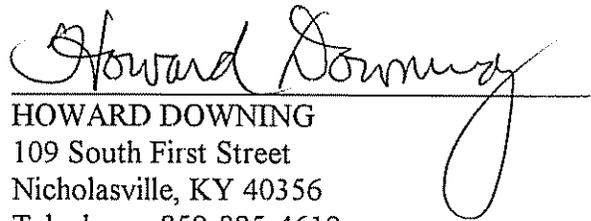
THE REVISION OF COGENERATION)
AND SMALL POWER PURCHASE)
RATES OF EAST KENTUCKY)
POWER COOPERATIVE, INC.)

CASE NO. 2008-00128

FILING OF REVISED COGEN TARIFFS

Blue Grass Energy Cooperative Corporation does hereby file its revised cogen tariffs reflecting East Kentucky's proposed rates in compliance with the order of this commission dated April 28, 2008

The revised cogen tariffs are attached hereto and incorporated by reference herein.



HOWARD DOWNING
109 South First Street
Nicholasville, KY 40356
Telephone: 859-885-4619
ATTORNEY FOR BLUE GRASS ENERGY

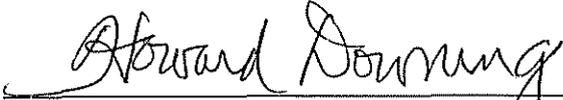
I, J. Donald Smothers, as Vice President of Blue Grass Energy Cooperative Corporation, state that the revised cogen tariffs are true and accurate to the best of my information and belief.

Dated: May 7, 2008



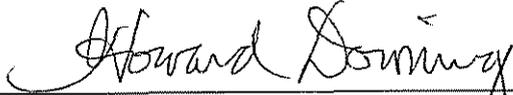
J DONALD SMOTHERS, VICE PRESIDENT
BLUE GRASS ENERGY COOPERATIVE CORPORATION

Subscribed and sworn to before me by J Donald Smothers, as Vice President of Blue Grass
Energy Cooperative Corporation this 7th day of May, 2008



NOTARY PUBLIC, KENTUCKY STATE AT LARGE
My Commission Expires. April 1, 2009

I certify that a true copy of the above
"Filing of Revised Cogen Tariffs" was
mailed to the parties at the addresses
shown on the attached list this 7th day
of May, 2008.



ATTORNEY FOR
BLUE GRASS ENERGY COOPERATIVE CORPORATION

Allen Anderson
South Kentucky R.E.C.C.
P. O. Box 910
925-929 N. Main Street
Somerset, KY 42502-0910

Sharon K. Carson
Finance & Accounting Manager
Jackson Energy Cooperative
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McKee, KY 40447

Paul G. Embs
Clark Energy Cooperative, Inc.
P. O. Box 748
2640 Ironworks Road
Winchester, KY 40392-0748

Carol H. Fraley
President and CEO
Grayson R.E.C.C.
109 Bagby Park
Grayson, KY 41143

Ted Hampton
Cumberland Valley Electric, Inc.
Highway 25E, P. O. Box 440
Gray, KY 40734

Larry Hicks
Salt River Electric Cooperative
Corp.
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P. O. Box 609
Bardstown, KY 40004

Robert Hood
Owen Electric Cooperative, Inc.
8205 Highway 127 North
P. O. Box 400
Owenton, KY 40359

Kerry K. Howard
Licking Valley R.E.C.C.
P. O. Box 605
271 Main Street
West Liberty, KY 41472

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Inter-County Energy Cooperative
Corporation
1009 Hustonville Road
P. O. Box 87
Danville, KY 40423-0087

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Winchester, KY 40392-0707

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620 Old Finchville Road
Shelbyville, KY 40065

Michael L. Miller
President & CEO
Nolin R.E.C.C.
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Elizabethtown, KY 42701-8701

Barry L. Myers
Manager
Taylor County R.E.C.C.
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P. O. Box 100
Campbellsville, KY 42719

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Fleming-Mason Energy Cooperative
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Flemingsburg, KY 41041

Bill Prather
Farmers R.E.C.C.
504 South Broadway
P. O. Box 1298
Glasgow, KY 42141-1298

Bobby D. Sexton
President/General Manager
Big Sandy R.E.C.C.
504 11th Street
Paintsville, KY 41240-1422

COGENERATION AND SMALL POWER PRODUCTION
POWER PURCHASE RATE SCHEDULE OVER 100 kW

AVAILABILITY

Available only to qualified cogeneration or small power production facilities with a design capacity of over 100 kW which have executed a contract with Blue Grass Energy Cooperative Corporation and East Kentucky Power Cooperative, Inc. ("EKPC") for the purchase of electric power by EKPC.

RATES

The rates set forth below shall be used as the basis for negotiating a final purchase rate with qualifying facilities pursuant to Section 7 of 807 KAR 5:054. (T)

1. Capacity

- a. \$40.40 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC. (I)
- b. \$0.00614 per kWh is applicable if cogenerator or small power producer is not dispatched by EKPC. (I)

2. Energy – A base payment per kWh is listed below for a time-differentiated basis or a non-time differentiated basis for the specified years.

a. Time Differentiated Rates:

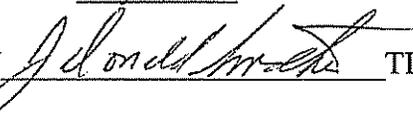
Year	Winter		Summer		
	On-Peak	Off-Peak	On-Peak	Off-Peak	
2008	\$0.06032	\$0.04293	\$0.06637	\$0.03199	(I)
2009	\$0.05722	\$0.03881	\$0.05447	\$0.02094	(I)
2010	\$0.05647	\$0.03461	\$0.05069	\$0.02203	(I)
2011	\$0.06015	\$0.03899	\$0.06448	\$0.03069	(I)
2012	\$0.05875	\$0.03817	\$0.05737	\$0.02486	(I)

b. Non-Time Differentiated Rates:

Year	2008	2009	2010	2011	2012	
Rate	\$0.05120	\$0.04428	\$0.04219	\$0.04933	\$0.04596	(I)

DATE OF ISSUE May 7, 2008

DATE EFFECTIVE June 1, 2008

ISSUED BY  TITLE: Vice President & CFO

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. 2008-00128 Dated April 28, 2008

The on-peak and off-peak energy rates are applicable during the hours listed below for each season:

Winter (October - April)

On-Peak 7:00 a.m. - 12:00 noon
5:00 p.m. - 10:00 p.m.

Off-Peak 12:00 noon - 5:00 p.m.
10:00 p.m. - 7:00 a.m.

Summer (May - September)

On-Peak 10:00 a.m. - 10:00 p.m.

Off-Peak 10:00 p.m. - 10:00 a.m.

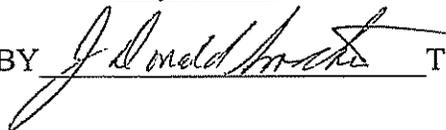
TERMS AND CONDITIONS

1. All power from a Qualifying Facility (QF) will be sold only to EKPC.
2. Seller must provide good quality electric power within a reasonable range of voltage, frequency, flicker, harmonic currents, and power factor.
3. Qualifying Facility (QF) shall provide reasonable protection for EKPC and Blue Grass Energy Cooperative Corporation.
4. Qualifying Facility (QF) shall design, construct, install, own, operate, and maintain the Qualifying Facility in accordance with all applicable codes, laws, regulations, and generally accepted utility practices.
5. Qualifying Facility shall reimburse EKPC and Blue Grass Energy Cooperative Corporation for all costs incurred as a result of interconnecting with the QF, including operation, maintenance, administration, and billing.

DATE OF ISSUE May 7, 2008

DATE EFFECTIVE June 1, 2008

ISSUED BY

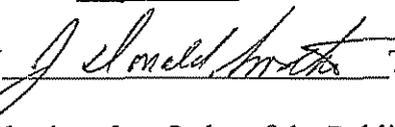


TITLE: Vice President & CFO

6. Qualifying Facility shall obtain insurance in the following minimum amounts for each occurrence:
 - a. Public Liability for Bodily Injury - \$1,000,000.00
 - b. Property Damage - \$500,000.00
7. Initial contract term shall be for a minimum of five years. (N)
8. Qualifying Facilities proposing to supply as available (non-firm) electric power shall not be entitled to a capacity payment.
9. Qualifying cogeneration and small power production facilities must meet the definition set forth in 807 KAR 5:054 to be eligible for this tariff. (N)
10. Updated rates will be filed with the Public Service Commission of Kentucky by March 31 of each year. (N)

DATE OF ISSUE May 7, 2008

DATE EFFECTIVE June 1, 2008

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Issued by authority of an Order of the Public Service Commission of Kentucky in
Case No. 2008-00128 Dated April 28, 2008

COGENERATION AND SMALL POWER PRODUCTION
POWER PURCHASE RATE SCHEDULE
LESS THAN 100 kW

AVAILABILITY

Available only to qualified cogeneration or small power production facilities with a design capacity of less than 100 kW which have executed a contract with Blue Grass Energy Cooperative Corporation and East Kentucky Power Cooperative, Inc. ("EKPC") for the purchase of electric power by EKPC.

RATES

1. Capacity

- a. \$40.40 per kW per year is applicable if cogenerator or small power producer is dispatched by EKPC. (I)
- b. \$0.00614 per kWh is applicable if cogenerator or small power producer is not dispatched by EKPC. (I)

2. Energy – A base payment per kWh is listed below for a time-differentiated basis or a non-time differentiated basis for the specified years.

a. Time Differentiated Rates:

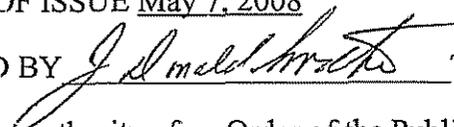
Year	Winter		Summer		
	On-Peak	Off-Peak	On-Peak	Off-Peak	
2008	\$0.06032	\$0.04293	\$0.06637	\$0.03199	(I)
2009	\$0.05722	\$0.03881	\$0.05447	\$0.02094	(I)
2010	\$0.05647	\$0.03461	\$0.05069	\$0.02203	(I)
2011	\$0.06015	\$0.03899	\$0.06448	\$0.03069	(I)
2012	\$0.05875	\$0.03817	\$0.05737	\$0.02486	(I)

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Rate	\$0.05120	\$0.04428	\$0.04219	\$0.04933	\$0.04596	(I)

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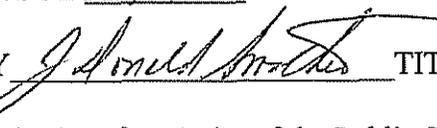
Off-Peak 10:00 p.m. - 10:00 a.m.

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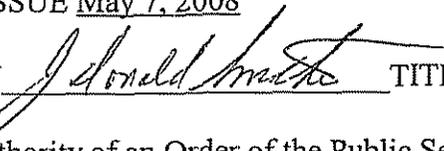
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